



House of Representatives

General Assembly

File No. 749

January Session, 2015

Substitute House Bill No. 6986

House of Representatives, April 28, 2015

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO TITLE 12 OF THE GENERAL STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (19) of subsection (a) of section 12-407 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (19) "Occupancy" means the use or possession, or the right to the
5 use or possession, of any room or rooms in a hotel or lodging house, or
6 the right to the use or possession of the furnishings or the services and
7 accommodations accompanying the use and possession of such room
8 or rooms, for the first period of not [exceeding] more than thirty
9 consecutive calendar days.

10 Sec. 2. Section 12-330h of the general statutes is repealed and the
11 following is substituted in lieu thereof (*Effective from passage*):

12 When any property has been seized under the provisions of section

13 12-330g, the commissioner may, at his discretion, after a hearing as
14 provided in section 12-330l, advertise such property for sale in a
15 newspaper published or having a circulation in the town in which the
16 seizure took place, at least five days before the sale. Any person
17 claiming an interest in such property may make written application to
18 the commissioner for a hearing, stating his interest in the property and
19 his reasons why [it] the property should not be forfeited. Further
20 proceedings on such application for hearing shall be taken as provided
21 in sections 12-330l and 12-330m. No [sale of any] property may be sold
22 under the provisions of section [12-330m shall be made] 12-330g while
23 an application for a hearing is pending before the commissioner, but
24 the pendency of an appeal under the provisions of section [12-330g] 12-
25 330m shall not prevent the sale unless the appellant posts a satisfactory
26 bond, with surety, in an amount double the estimated value of the
27 property, conditioned upon the successful termination of the appeal.

28 Sec. 3. Subparagraph (B)(xviii) of subdivision (20) of subsection (a)
29 of section 12-701 of the general statutes, as amended by section 50 of
30 public act 14-47, is repealed and the following is substituted in lieu
31 thereof (*Effective July 1, 2015*):

32 (B) There shall be subtracted therefrom (i) to the extent properly
33 includable in gross income for federal income tax purposes, any
34 income with respect to which taxation by any state is prohibited by
35 federal law, (ii) to the extent allowable under section 12-718, exempt
36 dividends paid by a regulated investment company, (iii) the amount of
37 any refund or credit for overpayment of income taxes imposed by this
38 state, or any other state of the United States or a political subdivision
39 thereof, or the District of Columbia, to the extent properly includable
40 in gross income for federal income tax purposes, (iv) to the extent
41 properly includable in gross income for federal income tax purposes
42 and not otherwise subtracted from federal adjusted gross income
43 pursuant to clause (x) of this subparagraph in computing Connecticut
44 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
45 extent any additional allowance for depreciation under Section 168(k)
46 of the Internal Revenue Code, as provided by Section 101 of the Job

47 Creation and Worker Assistance Act of 2002, for property placed in
48 service after December 31, 2001, but prior to September 10, 2004, was
49 added to federal adjusted gross income pursuant to subparagraph
50 (A)(ix) of this subdivision in computing Connecticut adjusted gross
51 income for a taxable year ending after December 31, 2001, twenty-five
52 per cent of such additional allowance for depreciation in each of the
53 four succeeding taxable years, (vi) to the extent properly includable in
54 gross income for federal income tax purposes, any interest income
55 from obligations issued by or on behalf of the state of Connecticut, any
56 political subdivision thereof, or public instrumentality, state or local
57 authority, district or similar public entity created under the laws of the
58 state of Connecticut, (vii) to the extent properly includable in
59 determining the net gain or loss from the sale or other disposition of
60 capital assets for federal income tax purposes, any gain from the sale
61 or exchange of obligations issued by or on behalf of the state of
62 Connecticut, any political subdivision thereof, or public
63 instrumentality, state or local authority, district or similar public entity
64 created under the laws of the state of Connecticut, in the income year
65 such gain was recognized, (viii) any interest on indebtedness incurred
66 or continued to purchase or carry obligations or securities the interest
67 on which is subject to tax under this chapter but exempt from federal
68 income tax, to the extent that such interest on indebtedness is not
69 deductible in determining federal adjusted gross income and is
70 attributable to a trade or business carried on by such individual, (ix)
71 ordinary and necessary expenses paid or incurred during the taxable
72 year for the production or collection of income which is subject to
73 taxation under this chapter but exempt from federal income tax, or the
74 management, conservation or maintenance of property held for the
75 production of such income, and the amortizable bond premium for the
76 taxable year on any bond the interest on which is subject to tax under
77 this chapter but exempt from federal income tax, to the extent that
78 such expenses and premiums are not deductible in determining federal
79 adjusted gross income and are attributable to a trade or business
80 carried on by such individual, (x) (I) for a person who files a return
81 under the federal income tax as an unmarried individual whose

82 federal adjusted gross income for such taxable year is less than fifty
83 thousand dollars, or as a married individual filing separately whose
84 federal adjusted gross income for such taxable year is less than fifty
85 thousand dollars, or for a husband and wife who file a return under
86 the federal income tax as married individuals filing jointly whose
87 federal adjusted gross income for such taxable year is less than sixty
88 thousand dollars or a person who files a return under the federal
89 income tax as a head of household whose federal adjusted gross
90 income for such taxable year is less than sixty thousand dollars, an
91 amount equal to the Social Security benefits includable for federal
92 income tax purposes; and (II) for a person who files a return under the
93 federal income tax as an unmarried individual whose federal adjusted
94 gross income for such taxable year is fifty thousand dollars or more, or
95 as a married individual filing separately whose federal adjusted gross
96 income for such taxable year is fifty thousand dollars or more, or for a
97 husband and wife who file a return under the federal income tax as
98 married individuals filing jointly whose federal adjusted gross income
99 from such taxable year is sixty thousand dollars or more or for a
100 person who files a return under the federal income tax as a head of
101 household whose federal adjusted gross income for such taxable year
102 is sixty thousand dollars or more, an amount equal to the difference
103 between the amount of Social Security benefits includable for federal
104 income tax purposes and the lesser of twenty-five per cent of the Social
105 Security benefits received during the taxable year, or twenty-five per
106 cent of the excess described in Section 86(b)(1) of the Internal Revenue
107 Code, (xi) to the extent properly includable in gross income for federal
108 income tax purposes, any amount rebated to a taxpayer pursuant to
109 section 12-746, (xii) to the extent properly includable in the gross
110 income for federal income tax purposes of a designated beneficiary,
111 any distribution to such beneficiary from any qualified state tuition
112 program, as defined in Section 529(b) of the Internal Revenue Code,
113 established and maintained by this state or any official, agency or
114 instrumentality of the state, (xiii) to the extent allowable under section
115 12-701a, contributions to accounts established pursuant to any
116 qualified state tuition program, as defined in Section 529(b) of the

117 Internal Revenue Code, established and maintained by this state or
118 any official, agency or instrumentality of the state, (xiv) to the extent
119 properly includable in gross income for federal income tax purposes,
120 the amount of any Holocaust victims' settlement payment received in
121 the taxable year by a Holocaust victim, (xv) to the extent properly
122 includable in gross income for federal income tax purposes of an
123 account holder, as defined in section 31-51ww, interest earned on
124 funds deposited in the individual development account, as defined in
125 section 31-51ww, of such account holder, (xvi) to the extent properly
126 includable in the gross income for federal income tax purposes of a
127 designated beneficiary, as defined in section 3-123aa, interest,
128 dividends or capital gains earned on contributions to accounts
129 established for the designated beneficiary pursuant to the Connecticut
130 Homecare Option Program for the Elderly established by sections 3-
131 123aa to 3-123ff, inclusive, (xvii) to the extent properly includable in
132 gross income for federal income tax purposes, fifty per cent of the
133 income received from the United States government as retirement pay
134 for a retired member of (I) the Armed Forces of the United States, as
135 defined in Section 101 of Title 10 of the United States Code, or (II) the
136 National Guard, as defined in Section 101 of Title 10 of the United
137 States Code, (xviii) to the extent properly includable in gross income
138 for federal income tax purposes for the taxable year, any income from
139 the discharge of indebtedness in connection with any reacquisition,
140 after December 31, 2008, and before January 1, 2011, of an applicable
141 debt instrument or instruments, as those terms are defined in Section
142 108 of the Internal Revenue Code, as amended by Section 1231 of the
143 American Recovery and Reinvestment Act of 2009, to the extent any
144 such income was added to federal adjusted gross income pursuant to
145 subparagraph [(A)(x)] (A)(xi) of this subdivision in computing
146 Connecticut adjusted gross income for a preceding taxable year, (xix)
147 to the extent not deductible in determining federal adjusted gross
148 income, the amount of any contribution to a manufacturing
149 reinvestment account established pursuant to section 32-9zz in the
150 taxable year that such contribution is made, and (xx) to the extent
151 properly includable in gross income for federal income tax purposes,

152 for the taxable year commencing January 1, 2015, ten per cent of the
153 income received from the state teachers' retirement system, for the
154 taxable year commencing January 1, 2016, twenty-five per cent of the
155 income received from the state teachers' retirement system, and for the
156 taxable year commencing January 1, 2017, and each taxable year
157 thereafter, fifty per cent of the income received from the state teachers'
158 retirement system.

159 Sec. 4. Subsection (d) of section 12-218d of the general statutes is
160 repealed and the following is substituted in lieu thereof (*Effective from*
161 *passage*):

162 (d) The adjustments required in subsection (b) of this section shall
163 not apply if (1) the corporation establishes by clear and convincing
164 evidence, as determined by the commissioner, that the adjustments are
165 unreasonable, (2) the corporation and the commissioner agree in
166 writing to the application or use of an alternative method of
167 determining the combined measure of the tax, provided [that] the
168 Commissioner of Revenue Services shall consider approval of such
169 petition only in the event that the petitioners have clearly established
170 to the satisfaction of said commissioner that there are substantial
171 intercorporate business transactions among such included
172 corporations and that the proposed alternative method of determining
173 the combined measure of the tax accurately reflects the activity,
174 business, income or capital of the taxpayers within the state, or (3) the
175 corporation elects, on forms authorized for such purpose by the
176 commissioner, to calculate its tax on a unitary basis including all
177 members of the unitary group, provided [that] there are substantial
178 intercorporate business transactions among such included
179 corporations. Such election to file on a unitary basis shall be
180 irrevocable for and applicable for five successive income years.
181 Nothing in this [subdivision] subsection shall be construed to limit or
182 negate the commissioner's authority to otherwise enter into
183 agreements and compromises otherwise allowed by law.

184 Sec. 5. Subdivision (40) of section 12-412 of the general statutes is

185 repealed and the following is substituted in lieu thereof (*Effective from*
186 *passage*):

187 (40) (A) Sales of and the storage, use or other consumption of any
188 vessel exclusively for use in commercial fishing and any machinery or
189 equipment exclusively for use on a commercial fishing vessel by a
190 fisherman engaged in commercial fishing as a trade or business and to
191 whom the Department of Revenue Services has issued a fisherman tax
192 exemption permit, provided (i) for the immediately preceding taxable
193 year, or (ii) on average, for the two immediately preceding taxable
194 years, not less than fifty per cent of the gross income of the purchaser,
195 as reported for federal income tax purposes, [shall have been] was
196 derived from commercial fishing, subject to proof satisfactory to the
197 Commissioner of Revenue Services.

198 [(B) The commissioner shall adopt regulations, in accordance with
199 the provisions of chapter 54, requiring periodic registration for
200 purposes of the issuance of fisherman tax exemption permits,
201 including (i) a procedure related to the application for such permit,
202 which application shall include a declaration, in a form prescribed by
203 the commissioner and bearing notice to the effect that false statements
204 made in such declaration are punishable, to be signed by the applicant,
205 and (ii) a form of notice concerning the penalty for misuse of such
206 permit.]

207 [(C)] (B) (i) The Commissioner of Revenue Services may issue a
208 fisherman tax exemption permit to an applicant, provided such
209 applicant has satisfied the commissioner that the applicant intends to
210 carry on commercial fishing as a trade or business for at least two
211 years, notwithstanding the fact that the applicant was not engaged in
212 commercial fishing as a trade or business in the immediately preceding
213 taxable year or, if the applicant was engaged in commercial fishing as a
214 trade or business in such immediately preceding taxable year,
215 notwithstanding the fact that, for such immediately preceding taxable
216 year, or, on average, for the two immediately preceding taxable years,
217 less than fifty per cent of the gross income of the applicant, as reported

218 for federal income tax purposes, was derived from commercial fishing.

219 (ii) Such applicant shall be liable for the tax otherwise imposed,
220 during the period commencing upon the issuance of the permit and
221 ending two years after the date of issuance of the permit, if commercial
222 fishing is not carried on as a trade or business by such applicant
223 during such entire period.

224 (iii) Such applicant shall also be liable for the tax otherwise
225 imposed, during the period commencing upon the issuance of the
226 permit and ending two years after the date of issuance of the permit, if
227 less than fifty per cent of the gross income of such applicant, as
228 reported for federal income tax purposes, [shall have been] was
229 derived from such commercial fishing for the immediately preceding
230 taxable year, or, on average, for the two immediately preceding taxable
231 years.

232 (iv) Any applicant liable for tax under clause (ii) or (iii) of this
233 subparagraph shall not be eligible to be issued another permit under
234 clause (i) of this subparagraph.

235 [(D)] (C) The Commissioner of Revenue Services may issue a
236 fisherman tax exemption permit to an applicant, notwithstanding the
237 fact that, in the applicant's immediately preceding taxable year, less
238 than fifty per cent of the gross income of the applicant, as reported for
239 federal income tax purposes, was derived from commercial fishing,
240 provided (i) such applicant purchased, during the applicant's current
241 or immediately preceding taxable year, a commercial fishing trade or
242 business from a seller who was issued a fisherman tax exemption
243 permit by said commissioner at the time of such purchase, and (ii) such
244 commercial fishing shall be carried on as a trade or business by such
245 applicant during the period commencing upon the purchase and
246 ending two years after the date of purchase. Such applicant shall be
247 liable for the tax otherwise imposed, during the period commencing
248 upon such purchase and ending two years after the date of purchase, if
249 such applicant does not carry on such commercial fishing as a trade or
250 business during the period commencing upon such purchase and

251 ending two years after the date of purchase.

252 [(E)] (D) For purposes of this subdivision, "commercial fishing
253 vessel" shall include any vessel with a certificate of documentation
254 issued by the United States Coast Guard for coastwise fishery.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-407(a)(19)
Sec. 2	<i>from passage</i>	12-330h
Sec. 3	<i>July 1, 2015</i>	12-701(a)(20)(B)(xviii)
Sec. 4	<i>from passage</i>	12-218d(d)
Sec. 5	<i>from passage</i>	12-412(40)

Statement of Legislative Commissioners:

In Section 4(d)(2), "except that" was changed to "provided [that]" for accuracy.

FIN *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes a number of technical changes that do not result in any fiscal impact to the state or municipalities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6986*****AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO
TITLE 12 OF THE GENERAL STATUTES*****SUMMARY:**

This bill eliminates the requirement that the revenue services commissioner adopt regulations pertaining to the sales and use tax exemption for vessels, machinery, and equipment used exclusively for commercial fishing. He has not adopted these regulations, which, under current law, must include a procedure commercial fishermen must use to apply for the permit needed to claim the exemption. That procedure must (1) require an applicant to sign a declaration under penalty of false statement and (2) contain a notice of the penalty for misusing the permit.

The bill also makes several grammatical changes and corrects statutory references in the tobacco products and personal income tax statutes.

EFFECTIVE DATE: Upon passage, except the technical correction to the income tax statute takes effect July 1, 2015.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 35 Nay 2 (04/16/2015)